



Issues for the Feed Industry from Washington

Virginia State Feed Association and
Nutritional Management “Cow” College
67th Annual Convention

February 20, 2013

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National Grain and Feed Association

NGFA Mission and Purpose



**Abundant and Safe
Food Supply**



**Promotion of Free
Markets**



Serving the Industry for More than 116 Years!!

About NGFA



- **1,050 Member Companies**
 - Over 7,000 facilities
 - Feed manufacturing, grain handling and processing, integrated livestock and poultry operations, biofuels producers
 - Handle 70% of U.S. grains and oilseeds
 - Over 350 companies involved in feed production
- **Strategic Alliances with Pet Food Institute and North American Export Grain Association**
- **26 State and Regional Affiliated Associations**

Developing Policy – NGFA Committees



- Agroterrorism and Facility Security
- Biofuels and Co-Products
- Biotechnology
- Country Elevator
- Feed Legislative and Regulatory Affairs
- Feed Manufacturing and Technology
- Finance and Administration
- Grain Grades and Weights
- International Trade/Agriculture Policy
- Legal Council
- Membership and Marketing
- Rail Shipper and Receiver
- Risk Management
- Safety, Health, and Environmental Quality
- Trade Rules
- Waterborne Commerce

Domestic and International Agricultural Policy



- Provide a sustainable and competitive supply of grains and oilseeds to meet rapidly growing demand
 - Support working farmland conservation programs
 - Advocate pro-growth agricultural policies



Extension of 2012 Farm Bill



- S. 3240 – Agriculture Reform, Food and Jobs Act of 2012
 - Passed Senate June 21, 2012 by 64-35 vote
- H.R. 6083 – Federal Agriculture Reform and Risk Management (FARRM) Act
 - Passed House Ag Committee July 11, 2012 by 35-11 vote



2012 Farm Bill

Chronology of US Farm Bills



- 2008 Food, Conservation and Energy Act
- 2002 Farm Security and Rural Investment Act
- 1996 Federal Agriculture Improvement and Reform Act
- 1990 Food, Agriculture, Conservation and Trade Act
- 1985 Food Security Act
- 1981 Agriculture and Food Act
- 1977 Food and Agriculture Act
- 1973 Agricultural and Consumer Protection Act
- 1970 Agricultural Act
- 1965 Food and Agricultural Act
- 1956 Agriculture Act
- 1954 Agriculture Act
- 1949 Agriculture Act
- 1948 Agriculture Act
- 1938 Agricultural Adjustment Act
- 1933 Agricultural Adjustment Act

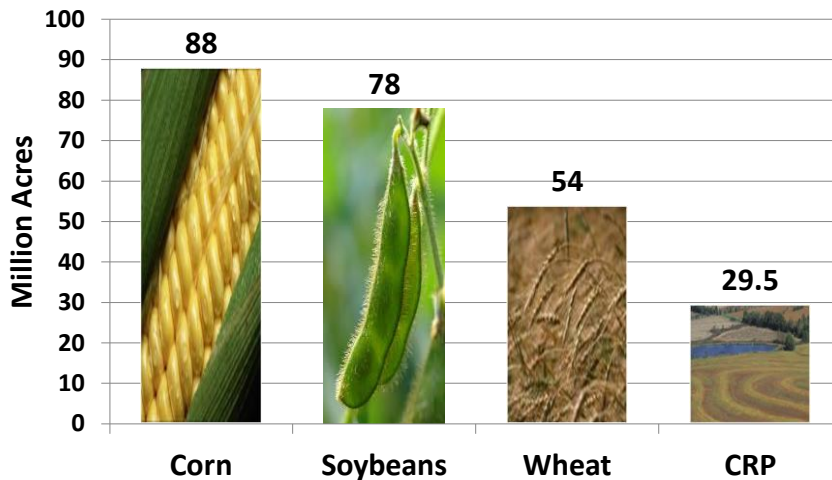
Farm Bill Discussions



- **Senate Bill**
 - Eliminate target prices and counter-cyclical payments
 - Enhanced crop insurance coverage
 - Gradual scale back of CRP acreage to 25 million acres by 2017
- **House Ag Committee Passed Bill**
 - Eliminates direct payments – increases target prices
 - CRP acreage cap reduced to 25 million acres by 2017, but draw down more accelerated than Senate bill
 - Biotech expedited USDA approvals



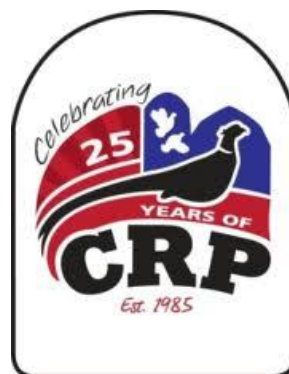
CRP – “4th Largest Crop” in U.S.



CRP - By the Numbers



- Current Cap - 32 million
- Current Enrollment - 29.5 million
- 2012-2016 Expirations - 14.7 million
- 2017-2021 Expirations - 10.4 million



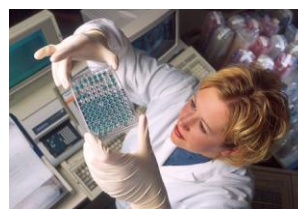
Biotechnology



FAO/WHO Food Standards
CODEX alimentarius



INTERNATIONAL GRAIN TRADE COALITION



NGFA-Led Biotech Coalition



- Established in Aug. 2012 to strengthen communication throughout the value chain on biotech and marketability issues
 - Support benefits of biotechnology, but new events need to be introduced in a responsible manner to limit potential economic liabilities
 - Hundreds of new events in pipeline for commercialization in next few years



NGFA-Led Biotech Coalition



- Members:
 - American Seed Trade Association (ASTA)
 - American Soybean Association (ASA)
 - Corn Refiners Association (CRA)
 - Biotechnology Industry Organization (BIO)
 - National Corn Growers Association (NCGA)
 - North American Export Grain Association (NAEGA)
 - National Oilseed Processors Association (NOPA)
 - U.S. Grains Council



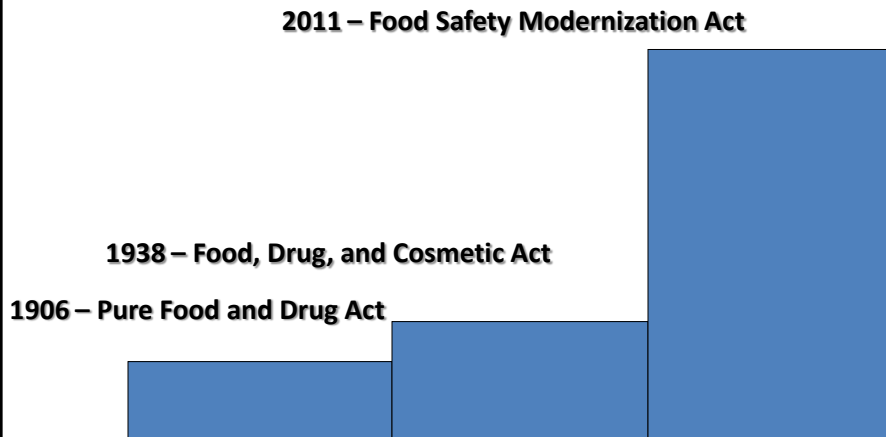
Food/Feed Safety



- Food Safety Modernization Act - signed into law Jan. 4, 2011
- “Historic” legislation
 - It’s **NOT** just recalls and inspections
 - It’s a call for a **new, prevention-oriented food safety system** to ensure the safety of feed/food products
 - Requires FDA to develop and issue more than 50 regulations and/or guidance documents over the next two-plus years



FSMA: Historic Legislation



FSMA – Some Key Requirements



- **Written Food Safety Plans**
 - Written analysis of food safety hazards
 - Use of preventive controls to eliminate or reduce the risk of identified hazards
- **Facility Registration** is required with FDA every two years
- **Increased Records Access** to existing facility records *if* FDA has “reasonable belief” that food will cause serious adverse health threat



FSMA – Some Key Requirements

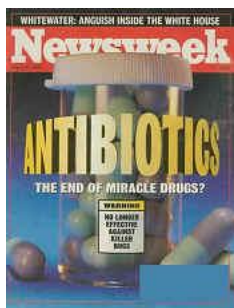
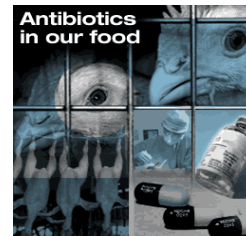
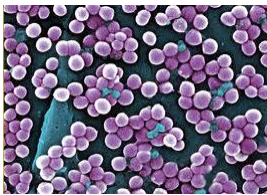


- **Inspection of food facilities**
 - Initial inspections within 5 to 7 years
 - Subsequent inspections every 3 to 5 years
- **Collect fees** for cost of
 - Reinspecting facilities that fail an original inspection
 - Conducting mandatory recalls
 - Hourly rate: \$221 for domestic work



Food Safety

Resistance to Antimicrobial Drugs



**KEEP
ANTIBIOTICS
WORKING**

The Campaign to End Antibiotic Overuse

Resistance to Antimicrobial Drugs



- FDA Policy Position on Judicious Use of Drugs in Animal Feed – April 13, 2012
 - Antimicrobial drugs important in human medicine should only be used for therapeutic uses in animals
 - Eliminate feed efficiency/production claims
 - Antimicrobial drugs important in human medicine should only be used with veterinary oversight
 - Dramatic expansion of VFD process in feed industry



Biofuels and Co-Products



Risk Management



A CME/Chicago Board of Trade Company



Risk Management



- **MF Global Bankruptcy - 8th biggest case involving a U.S. public company)**

11. Pacific Gas & Electric Co.
10. Thornburg Mortgage
9. Chrysler
- 8. MF Global**
7. Conoco
6. Enron
5. CIT Group
4. General Motors
3. WorldCom
2. Washington Mutual
1. Lehman Brothers



Oct. 31, 2011 -
\$1.2 billion
"short fall"



July 10, 2012 - \$220
million "short fall"

Risk Management



- NGFA active member in Commodity Customer Coalition (CME Group, the Futures Industry Association, others) to identify ways to minimize risk
 - Voluntary fully segregated account structure
 - Customer protection fund
 - Reforms to the U.S. bankruptcy code
 - Avoid pro rata loss-sharing in the event of a futures commission merchant liquidation
 - Enhancing customer rights in bankruptcy proceedings



Safety, Health and Environmental

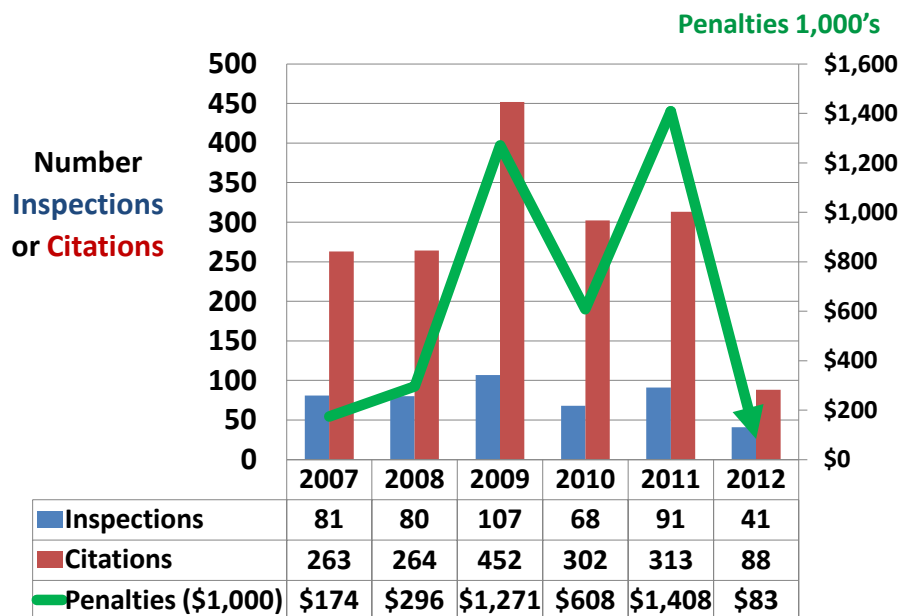


Safety, Health and Environmental



- Continued Increased Enforcement Upon Grain Handling Industry
- Sweep Auger Letter of Interpretation
- Combustible Dust Rulemaking
- Globally Harmonized Hazard Communication Standard
- Rolling Stock Fall Protection
- Air Emission Rule for Feed Manufacturers

OSHA Activity – Feed Mills (SIC 2048)



Safety, Health and Environmental



- NGFA Safety Seminars
- NGFF/NCGA farm bin safety video



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Thank you!

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